

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 1087 - HB 1238

March 21, 2015

SUMMARY OF BILL: Requires the Department of Economic and Community Development (ECD) to develop a mentorship program that teams successful large enterprises, as mentors, with emerging small businesses, as mentees.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures – \$73,100/One-Time
\$222,800/Recurring**

Assumptions:

- ECD reports that the proposed mentorship program would be a program currently outside of scope of the Department's offerings. Mentorship programs are very hands-on and require ongoing attention for both the mentors and mentees.
- As a result, and in order to meet the demands anticipated by the proposed legislation, ECD would require an additional Program Manager position. The one-time increase in state expenditures associated with this position is estimated to be \$3,100 (\$1,500 training + \$1,600 computer related); the recurring increase in state expenditures associated with this position is estimated to be \$92,784 (\$60,000 salary + \$19,934 benefits + \$12,850 travel, rentals and insurance, and supplies and materials).
- ECD further reports that the implementation of the program will also require the purchase of a software or web-based system that will be used for managing, matching, and tracking of mentors and mentees. The one-time increase in state expenditures is estimated to be \$30,000.
- The program will also require a substantial marketing budget for production, design, media buys, print collateral, website, and other similar purchases. Based on another similarly-sized and complex program within ECD, the one-time increase in state expenditures is estimated to be \$40,000; recurring increase in state expenditures is estimated to be \$130,000.
- The total one-time increase in state expenditures is estimated to be \$73,100 (\$3,100 + \$30,000 + \$40,000). The total recurring increase in state expenditures is estimated to be \$222,784 (\$92,784 + \$130,000).

IMPACT TO COMMERCE:

**Increase Business Revenue – \$70,000/One-Time
\$130,000/Recurring**

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Assumptions:

- Based on the assumptions above, it is estimated that the one-time increase in business revenue will be approximately \$70,000; the recurring increase in business revenue is estimated to be approximately \$130,000.
- Businesses, and especially small emerging businesses, could realize additional benefits as a result of teaming up with successful large enterprises. However, due to multiple unknown factors any such additional benefits cannot be quantified with reasonable certainty.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "Jeffrey L. Spalding". The signature is written in a cursive, flowing style.

Jeffrey L. Spalding, Executive Director

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